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Major News Releases and Speeches

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Speeches

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Remarks prepared for delivery by Under Secretary of Agriculture Seeley G. Lodwick before the U.S.-Asia Institute, Chicago, Ill., Sept. 28, 1982

U.S.-Asia Commodity Opportunities for the Midwest

For more than 350 years after Virginia farmers sold their first shipment of tobacco to the British in 1613, Europe was American agriculture's best customer. But in recent years that has changed. Asia has become our strongest growth market, developing to the point where U.S. farm sales to that region are close to $15 billion—larger than to all of Europe, excluding the Soviet Union.

Importance of the Asian Market

Your conference demonstrates the growing realization in the United States that global economic activity increasingly is shifting towards Asia. The present and future importance of U.S. agricultural trade with this region can best be demonstrated with a few facts:

— All told, Asian countries bought over one-third of U.S. farm exports in fiscal 1981 and sales broke the $16-billion mark.

— Four of the United States' top ten markets are in Asia, including our biggest market, Japan. In fiscal 1981, Japan bought $6.7 billion worth of U.S. farm products. China and Korea each over $2 billion; and Taiwan over $1 billion. At the same time, the overall rate of growth in these billion-dollar markets in the last decade has been higher than the growth in sales to other countries.

— These countries are also the leading buyers of many individual commodities. For example, in 1980 China was the largest U.S. market for both cotton and wheat. In fiscal 1981, Japan's purchases outstripped those of other buyers for a large number of products including feed grains, soybeans, cattle hides, leaf tobacco, meat, and citrus. Korea has been the best customer for American rice and Taiwan for apples.

— And we must not overlook the growth markets in the member countries of the Association of South East Asian Nations (ASEAN).

Indonesia, Malaysia, Philippines, Singapore and Thailand. Collectively they bought over $1 billion last year.

Future Trade Prospects

The prospects for continued growth in U.S. commodity exports to Asian countries appear excellent.

For one thing, economic growth in many of these nations is outpacing that in other important U.S. markets. Last year in Singapore, I was quite favorably impressed by the remarkable progress being made in the economy there. Per capita income has already reached $3,500 a year and may approach the levels of Western Europe by the end of the decade.

No one here needs to be reminded of the dynamic expansion of the Japanese economy since the 1960's. Even this year, when growth is sluggish in comparison to other recent years, the Japanese economy is still expected to expand by 3 to 4 percent. And Japan's inflation rate is far lower than it is in most western countries.

Taiwan and South Korea have also been bucking the recessionary tide. Taiwan has averaged a robust 9 percent growth in GNP since the early 1950's. And even though that rate has dropped somewhat recently, it was still 5.6 percent in 1981. The Korean economy also held up comparatively well last year as inflation dropped and the GNP grew by 7 percent.

Furthermore, few, if any, Asian countries face the foreign debt problems that many countries face in other parts of the world.

But expanding economies are only one reason these nations have become outstanding markets for shipments of U.S. agricultural goods. Their vast needs for food and their market stability are two other critical factors.

For example, the high population densities and small area of Hong Kong and Singapore force them to import 85 and 90 percent of their food.

Japan has a similar problem with the relatively small area it can devote to agriculture and the Japanese have been buying around 55 percent of their food from other nations. Korea and Taiwan have been importing to meet 32 and 11 percent of their food needs, respectively.

China imports only 5 percent of its food, but by virtue of its size and economic development plans, it is enormously impressive as a potential market for expanding quantities of U.S. farm products.

China has launched a major program to increase the availability of food in that country, especially for urban areas. Wheat food products, primarily loaf breads, are to be made more widely available as a convenience for working families. There is also a push to expand production of livestock products, especially pork, poultry meat and eggs.

The opening of three U.S. agricultural export promotion offices in Beijing a month ago gives the U.S. private sector an important opening in the Chinese market. These offices came about as a result of Secretary Block's discussions with the Chinese a year ago. They represent U.S. producers of wheat, feed grains, and soybeans. Everyone involved is tremendously optimistic about the potential for growth. For example, we believe that U.S. wheat sales could easily double in the next decade over the 7.6 million metric tons—worth $1.2 billion—recorded in 1981/82.

Corn imports from the United States are smaller at around 1 million tons, but we see opportunity there, too, as the Chinese gear up to expand use of corn by the feed industry and the industrial sector.

U.S. trade with China has already shown extremely rapid growth. In 1979 the Chinese bought 160 percent more food from the United States than they did in 1978 and in 1980 their purchases jumped again by 122 percent over 1979. And even with their foreign exchange problems, the Chinese bought over $2.1 billion worth of agricultural products from the United States in fiscal year 1981—a 9-percent increase over 1980.

Trade Policy Issues

The emergence of Asia as a major hub of agricultural trade increases our stake in the preservation of an open trading environment there for agricultural products.

The United States, which ranks as the world's largest agricultural exporter and also is a major importer, has long been deeply committed to the principles of liberal trade. But we see the world drifting toward increased protectionism, a fact which has ominous overtones not only

for traders in the United States, but for the economic growth of Asia as well.

Agricultural exports by the United States, large as they are, still are not moving in the volume they could be. U.S. farmers have a comparative advantage in producing many different agricultural commodities. But too often this comparative advantage is lost because of barriers erected by importing nations.

Japan, for example, maintains one of the most highly protected agriculture's in the world.

Currently Japan imposes import quotas on 22 agricultural and marine products. The most important to the United States are those that restrict imports of beef and citrus products, but there are others ranging from peanuts and wheat flour to tomato ketchup. A number of fruit products also are restricted.

Last May, the Japanese announced a package of trade measures which received a lot of publicity in this country but actually were quite disappointing. So far as agriculture was concerned, these measures included the announced expansion of import quotas for prepared and preserved pork, high-test molasses and canned pineapples; tariff reductions on 15 items; amended tariff classifications to allow imports of wild rice; and some improvement in import procedures.

These concessions may look good on paper but they don't add up to much in actual trade, either in dollars or volume. In fact, U.S. gains last May were minimal. We're hoping for more substantive progress in the meetings coming up beginning Oct. 20. In those meetings, we shall be pressing the Japanese hard for liberalization of beef and citrus quotas.

We've also had—and will continue to have—talks with the Japanese about an across-the-board elimination or easing of other trade barriers such as high tariffs and quantitative restrictions. If they would adopt internal farm program changes, we believe fewer trade distortions would result.

Even for grains, where the Japanese government imposes no official import controls, government practices still restrict grain use, and thus limit potential U.S. sales.

For example, the complicated internal rules controlling who can engage in feed manufacturing in Japan effectively limit the growth of this industry. And this undoubtedly has dampened demand for U.S.

feed grains. Likewise, the government's substantial markup of the price of imported wheat cuts down on its use within Japan.

Given Japan's economic position today, the stringent controls it exercises over agricultural imports certainly are unjustified. They also are inconsistent with GATT objectives. Lifting these restrictions would reduce Japan's huge trade surplus some and would ease doubts about its commitment to the principles of free and fair international trade.

Certainly, as a country with one of the biggest stakes in open trade, Japan ought to be energetic in supporting free trade principles. But it increasingly seems that Japan views free trade as a one-way street, an avenue by which it can compete freely in overseas markets, but which bars free competition by foreign firms in the Japanese market.

Other important Asian markets where we have concerns about access include Korea and Taiwan, our fourth and tenth largest customers overseas in fiscal 1981.

Korea, one of the United States' most valued trading partners, has pursued a trade liberalization policy since 1978. However, a number of the products of interest to U.S. agricultural exporters still face restrictive licensing, high tariffs, and tariff quotas.

U.S. exporters are particularly interested in seeing the Koreans reduce the import barriers for almonds, cottonseed and soybean oil, lumber and veneer, soybeans, eggs and egg products, poultry meat, tallow, fresh cherries, canned peaches and fruit cocktail.

Most of the items of concern to us are not competitive with domestically produced Korean products and we believe liberalization in each case would benefit Korea as well as the United States.

For example, in the case of soybeans, trade liberalization could lead to lower feed costs and contribute significantly to the development of the country's feed and livestock industries. Liberalization, consequently, represents an opportunity, not a problem.

Turning now to Taiwan, recent increases in that market's import duties on beef, citrus juice, canned corn, ginseng, and grain sorghums—and an outright import ban on frozen chickens—signal a move toward greater protectionism. This is a very disturbing development and one to which we are paying close attention.

Commitment to Export Expansion

Before closing, I'd like to mention some actions the Reagan Administration has been taking to expand exports of grains and soybeans and other commodities from apples to zucchinis. The president has made larger agricultural exports a major priority for U.S. agriculture because of the essential role they play in the well-being of U.S. farmers.

There was a time when the United States primarily exported only its surpluses, and overseas sales played a very small role in most farmers' incomes. That has changed dramatically. Now we must export since farmers across the country have come to depend on foreign seles for around a fourth of their returns from marketings.

Almost two out of five acres of U.S. farmland are now used to raise commodities for export. In fact, U.S. farmers now plant more acres here to produce food for Japan than Japanese farmers plant for themselves at home.

Because the health of the U.S. farm economy is so heavily dependent on its export sector, Secretary Block has directed USDA to pull out the stops in market development activities overseas.

To comply, USDA has sent abroad a number of high-level government-industry sales teams to build markets and establish closer ties with the governments of countries with particularly good sales potential. These teams have already visited 23 nations from Asia to North Africa to Europe.

Secretary Block himself has personally led missions to Asia and Africa aimed at expanding sales of U.S. agricultural products.

New agricultural trade officies have also been opened this year in Beijing, Tunis, and Lagos and we hope to open another this year in Saudi Arabia. There are now 10 offices worldwide, two of them serving Asia.

We are also exploring ways to make our credit programs more effective. We are presently limited to the use of credit guarantees that do not involve direct outlays. These are now limited to a 3-year period. Some countries need more liberal terms or more time for repayment, and we are looking at this as a method for building sales.

Several bills have been introduced in Congress to authorize new credit incentives and export subsidies. One of these is now law. the

Helms Amendment to the Omnibus Recconciliation Act. This provision authorizes the secretary of agriculture to use at least $175 million of CCC funds for additional market development and export incentives. Although a range of activities would be possible, the Act makes specific mention of credit buydowns and export subsidies. The intent is definitely to initiate dramatic action of behalf of U.S. farm product exporters.

Congress also earmarked $500 million for direct export loans as part of a $5-billion increase in CCC borrowing authority contained in the supplemental appropriations bill by doing this, Congress indicated it also places great emphasis on stimulating exports as a means of improving the U.S. farm economy and reducing government outlays for farm programs.

Input Needed by the Private Sector

Coming up with practical solutions to our trade problems will require close cooperation between government, the private sector, and academia.

You in the private sector—who produce the products and sell them and ship them and receive payment for them—are on the front lines of America's export effort. In that position, you are ideally situated to identify which marketing strategies are most successful, which trade barriers are most disruptive.

The shift in U.S. trade—especially in agriculture—toward Asia gives all of us here a vast opportunity and challenge. We believe the agricultural sales opportunties will be tremendous. But the competition will be stiff. Meeting the needs of the many varied markets in the region will challenge all of us in government, in the private sector and in acadmeia.

I hope that the discussions and meetings you've held at this conference will help you meet this challenge.

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Remarks prepared for delivery by John B. Crowell, Jr., assistant secretary of agriculture for natural resources and environment, to the North Carolina Forestry Association in Chapel Hill, N.C., Oct. 1, 1982

Natural Resources and the Economy

I'm pleased to be here this afternoon, and to be able to contribute some additional perspective to the economic theme which pervades your program.

Reasonable and intelligent people seem always to disagree about religion, politics and the economic situation, so I am sure that there is a wide variety of opinion in this room about the economic events of the past year. But you have already heard enough during your program this morning, and seen enough in your own experience to know that we are in a perplexing and unsettled time for the nation's economy in general, and for the forest products industry in particular.

The forest products industry is tied closely to the national economy—and is, in fact, a key indicator for that economy. So current economic conditions in major sections of the forest products industry reflect the general economic situation in the nation—there has been very little growth in economic activity since 1979, and there certainly has been none at all for the forest products industry.

Conditions in the Forest Products Industry

In particular, the plight of the forest products industry reflects the situation in the residential construction sector of the economy. It has long been the largest market for softwood lumber and plywood, and a substantial market for a variety of other timber products.

When residential construction has a cold, the forest products industry sneezes, and conditions in residential construction have been in the pneumonia stage for some time. The current housing recession is the worst in 30 years. Housing starts have declined by 50 percent since 1978, and have remained below 1 million units per year far longer than in any other postwar recession. This, in turn, has significantly reduced demand for lumber and plywood.

Correspondingly, the current economic conditions in major sections of the forest products industry run from "grim" to "abysmal." About 58

percent of the Western sawmill industry was affected by closures and curtailments, as of the beginning of September, with more than 64,000 employees laid off or working reduced hours. Nationwide, production in about 54 percent of the softwood plywood industry has been closed down or curtailed. Here in the South, the data show 105 softwood sawmills closed and 96 mills working curtailed operations—altogether, 31 percent of the southern softwood industry adversely affected one way or another. Closures and curtailments have also been reported in logging, millwork, particleboard, hardboard and other segments of the wood products industry.

The National Economy

The economic forces which have created these conditions are well known. The root of our problems today come from long years of abuse of the nation's economy—excessive government spending, the resulting deficit financing, excessive government regulation, and most of all, inflation. In recent years the federal government has spent hundreds of billions of dollars more than it has collected.

This has occurred despite the imposition of increasingly heavy tax burdens—the result of tax bracket creep—on the taxpayers. Where government took 13 cents of every dollar earned in 1929, in 1950 that had more than doubled to 29 cents. By 1960 it had increased to 34 cents. By 1970 it was 37 cents. And last year, you and I shelled out 41 cents of every dollar to all levels of government.

Interest rates, as you know only too well, have not been immune. While the prime rate was 4.4 percent between 1960-65, it had almost doubled to 8.7 percent between 1974-79, had almost tripled to 11.9 percent in 1980, and by 1981 was at the highest point since the civil war—a staggering 21.5 percent.

At the federal level, President Reagan is determined to stop that trend and to reverse it, by holding true to the four familiar elements in his economic recovery program. These are:

First, monetary constraint to control carefully the rate of growth in the nation's money supply—so that the growth doesn't contribute to inflation.

Second, controls on federal spending, to reduce and ultimately eliminate annual deficits and thereby bring down the high interest rates which are largely due to federal borrowing.

Third, tax policy changes which are designed to boost savings, increase investment, and encourage capital formation; and

Fourth regulatory reform to relieve industries of the need to divert scarce capital into expenditures of doubtful public benefit.

We have been optimistic that, through this program, economic conditions will improve,

— that interest rates will come down;
— that pent-up housing demand will be uncorked;
— that mills will reopen;
— that people will go back to work;
— and that the forest industry will, once again, pick up healthy momentum.

Administration Policy on Forest Management

Our approach to resource management has contributed to this effort by emphasizing productivity and economic efficiency. We are doing everything we can to intensify forest management and to improve forest productivity, not just of commodities, but of all forest uses. We are committed to making the market system work, as that is the most efficient way to increase productivity and allocate scarce resources. We are lowering the federal profile in private forestry, and depending more upon the state foresters and the private sector. We are protecting high-priority federal research investments which can add significantly to national well-being and economic production. And we are making it possible for foresters to practice their profession unfettered by federal interference, and to use management tools and practices which their professional judgment tells them are legitimate and needed.

We are doing these things because we are convinced that all of our nation's forests, both public and private, can contribute a great deal more to the nation's well-being. Our intent is to help maintain a viable forest products industry and to ensure an adequate supply of raw material at reasonable prices to meet the nation's needs.

National Forest Initiatives

On the national forests, we have sought to strip away some of the unnecessary layers of policy which have limited resource productivity of all forest products and uses. We are establishing resource production levels for the national forests which give a greater emphasis to economic efficiency. In the forest planning process, we are taking steps which will accelarate harvest of the slow-growing and overmature stands of old-growth timber in the Pacific Northwest, so they can be planted to young, vigorous trees. We are committed to making the bulk of the national forests working lands which will return optimum benefits to the public.

Private Forestry Initiatives

However, I want to talk here at greater length about our private forestry initiatives, because these are more germane to your interests in this state and throughout the South. Here, most of the productive potential is in the hands of private, non-industrial owners. The Reagan administration position on the need to reduce the pervasive influence of the federal government is well known, and we are carrying out that initiative in our forestry programs by reducing the federal involvement and reshaping the federal role in private forestry. We are not abrogating those responsibilities which are appropriately federal; rather, we are striving to build a new, public/private relationship in private forestry with an expectation, with proper encouragement and assistance, that the private sector will assume greater leadership and responsibility for ensuring adequate timber supplies in the future.

During the past decade, public policies for private, non-industrial lands have focused on incentives and other forms of public subsidy to encourage tree-planting and stand improvement. This policy has been based on the underlying theory that these landowners wouldn't make the long-term investments themselves if left on their own. This incorporates the further premise that government intervention in the marketplace is justified because forest management on small ownerships doesn't pay. However, several studies have shown this to be wrong. Several years ago, for example, the forest industry and the Forest Service cooperated in a forest productivity study which clearly showed profitable forestry investment opportunities on almost 80 million acres

of small private woodlands in the mid-South and Southeast. More recent studies have further supported this conclusion. Long experience has also shown that the market system is the most efficient and reliable way to encourage proper management of these lands.

If we are to meet future timber demands, which call for double the present wood use in less than 50 years from now, then we have to realize a significant portion of the solid investment opportunities in private forestry. That task would far outstrip the limited amounts of federal dollars which have been available in the past for direct federal grants or subsidies in private forestry.

Attracting Private Capital

Since federal spending programs could not possibly meet forestry investment needs, this administration believes strongly that public policy instead should seek to attract private capital by removing barriers to increased forestry investments and ensuring a good business climate. We are doing this in our forestry programs by emphasizing several tax and financial devices which already exist.

One of these is an investment tax credit and rapid amortization for reforestation, which should help landowners with even modest incomes recapture some of their up-front investments in site preparation and regeneration.

Another is the new provision in the Federal Crop Insurance Act which should help lessen some of the long-term risk inherent in forestry investments. By early 1983, we expect to be pilot testing this program in selected counties in several states, North Carolina among them. We hope this will encourage private insurers to enter the market. If it's successful, we may also see timber accepted as collateral for loans, thereby eliminating one of the primary disincentives to forestry investments—tying up capital for long periods in relatively nonliquid and unsecured form.

Also, recent changes in the tax code have strengthened the capital gains treatment of timber, offering a powerful incentive to investment. In 1979, the amount of capital gains income subject to taxation as ordinary income was reduced from 50 to 40 percent. Last year, President Reagan's tax bill lowered the maximum tax rate for individuals, resulting in a maximum capital gains tax rate of 20 percent.

Other changes made in 1981 to the tax code should help further by reducing the problems caused by federal estate and gift taxes. This will mean that pressure on landowners to liquidate immature timber or subdivide the property in order to pay estate taxes is lessened, and as a result, that more land is likely to stay in timber production.

Through these laws and programs, I believe that we have put a federal tax and financial structure in place which will provide a favorable climate for capital investment in small, private forest lands.

Forestry Research

That said, let me mention another aspect of our forestry programs which comes to mind, and which pertains to another type of investment in private forestry. I spent this morning over at Raleigh, visiting with Dean Eric Ellwood and his faculty at North Carolina State University. We talked a lot about the forestry research underway in the South—brought about, and about what the results from that research have meant in terms of advancing forest productivity.

It seems to me that forestry research at North Carolina and at the several Forest Service research locations throughout the South represents an investment in knowledge which can add significantly to national economic productivity. It is an investment which can reduce financial risks, increase forest productivity, and help ensure that private financial investment in forest management will be profitable. So, the U.S. Department of Agriculture has traditionally been a strong supporter of forestry research.

In this current economic environment, however, we have little choice but to examine all programs for the purpose of reducing federal spending and thereby diminishing the pressures which drive up interest rates. We have had to give some in forestry expenditures—and forestry research has had to bear a share. The 1983 Forest Service budget for research is about 11 percent below what it was in 1982.

This is true, for example, for our Eastern hardwood research program—though we are switching the emphasis in this research away from managing hardwood timber to emphasize hardwood utilization and engineering research. This shift in priorities is reasonable when you consider that hardwood lumber consumption has been very stable for many decades due to the emergence of competitive materials, and that

we need to expand markets for the hardwoods we have now before we can justify learning how to grow more. Our new emphasis in Eastern hardwoods will help develop technologies and products for harvesting, processing, and using hardwoods in new ways, and thereby help expand hardwood markets.

Technology Delivery Systems

What we also need to do is to fashion a more effective delivery system which can make landowners aware of their improved management opportunities, and to help them make use of them. Such programs have always been the heart of the cooperative forestry program here in the South and we intend to maintain federal participation in them. However, it is clear that federal agency funding constraints require that the heaviest burden for getting the word out must fall on the state foresters, the universities, and the private sector—both industry and private consultants.

Forestry research throughout the nation has shown repeatedly that investments in growing timber can be profitable and competitive with other investments, and I believe the initiatives I've outlined here will help the private sector pursue those opportunities. We will continue our efforts to provide information and technical assistance to timberland owners. More important, we will continue to do whatever is necessary and effective to improve the climate for private sector investments.

I believe President Reagan's economic program has brought us to the verge of a solid economic recovery. We now have inflation down to about 5.4 percent for the first seven months of this year. The leading economic indicators have gone up for four months in a row. And interest rates, after hanging higher and for a longer time than most of us anticipated, have declined substantially in recent months. The prime rate was 21.5 percent a couple of years ago, and today is down to about 13.5 percent. It seems clear that the recession is bottoming out, and we are hopeful that the forest products industry will soon begin to show signs of recovery.

I believe, too, that our initiatives in forest resource management will produce long-term growth in forest productivity. They will maintain the viability of the forest industry, and help ensure that the American

people will have an adequate supply of wood available at reasonable prices to meet their needs.

I am optimistic about the future because I believe these programs will bring results. The results will not come easily or quickly, but they will come. They will come every day with new spending decisions, every year with new budgets, and every quarter with new signs of recovery and prosperity in the forest products industry.

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by Assistant Secretary of Agriculture John B. Crowell, Jr., before the House Interior and Insular Affairs Committee's Subcommittee Public Lands and National Parks, Sept. 28, 1982

Concerning the President's Asset Management Program

Mr. Chairman and Members of the subcommittee:

We appreciate the opportunity to appear here today to discuss the U.S. Department of Agriculture's actions in implementing the President's Asset Management Program.

I want to point out that there is a three-fold objective in this program. The first objective is to sell property which has been identified as having a higher use in private ownership. The second objective is to improve the efficiency of managing our public lands by disposing of those parcels that do not serve the mission of the agencies and which are inefficient and costly to manage. The third objective is to dispose of excess federal property to recover the value for the purpose of reducing the federal debt. I want to emphasize that we are developing the program in a very careful, deliberate, and open manner. We will keep the Congress and the public fully apprised as we proceed and will seek your input.

When Deputy Secretary Lyng testified before this committee on June 11 of this year, he pointed out that five agencies within USDA are responsible for lands that are being reviewed for possible disposal. The majority of these lands, some 191 million acres, are National Forest System lands under the administration of the Forest Service. The other four agencies administer approximately 400,000 acres, most of which are used for agricultural research.

Under government-wide and department regulations, the agencies regularly review their real property and report excess property to the General Services Administration for disposal. In response to your request, I will focus on National Forest System lands today.

Three general criteria have been established for use in determining lands which will be considered for sale:

1. Lands that cannot be managed efficiently.

2. Lands proximate to urban and suburban areas which are needed and suitable for private development and where private ownership and management would yield greater benefit than continued public ownership and management.

3. Other lands with potentially higher and better use in private ownership.

In our news release of Aug. 10, 1982, we pointed out that of the nearly 191 million acres that the Forest Service administers only about 60,000 acres qualify for sale under existing authorities. The remainder cannot be sold unless legislation is enacted providing specific authority for sale. Before I further discuss the need for legislation, I will review those national forest lands that are potentially available for sale at the present time and those that will soon be studied to determine which should be proposed for sale if legislation is enacted.

The approximately 60,000 acres for which sale authority now exists fall into three general classes. The largest class is approximately 46,000 acres of land utilization project lands which are not within a National Forest, purchase unit or grassland.

In 1954, several million acres of land use project lands were transferred to the Forest Service. Most of these lands have been included in the national forests or national grasslands or have been conveyed to state and local governments or exchanged for other lands within the boundaries of national forests and national grasslands. The remaining 15 parcels which make up this approximately 46,000 acres are isolated areas generally some distance from larger areas administered by the Forest Service.

Decisions to dispose of 13 of these areas which contain approximately 14,000 acres were made several years ago. The largest of these is the 9,340-acre Lakeland Flatwoods in Georgia where we are currently working with the state on plans for them to acquire a major portion of the area. The two largest land use projects are the 18,425-acre Butte Valley area in California and the 13,232-acre Hector area in New York. They were identified only recently as candidates qualified for sale. Before final decisions are made to sell these two areas, it will be necessary to complete further studies and environmental assessments.

The second class, for which authority now exists, consists of about 14,000 acres of National Forest System land which could be sold under the authority of the National Forest Townsite Act. This act is designed to make it possible for communities in Alaska and the 11 Western states to acquire adjacent National Forest System lands that would serve community objectives. The lands that have been identified in this classification are those for which interest has been expressed by communities or for which there appeass a need will exist. This authority has been used only in the disposal of 104 acres since it was amended in 1976. Its use is dependent upon a request from the affectedhas been expressed by communities or for which there appears a need will exist. This authority has been used only in the disposal of 104 acres since it was amended in 1976. Its use is dependent upon a request from the affected community. When a request is received, an environmental analysis will provide the basis for deciding if the sale is appropriate.

A third class of lands for which authority for sale now exists is other tracts that are outside of the National Forests which can be sold under the authority of the Federal Property and Administrative Services Act. This class currently consists of less than 60 acres and is generally made up of unused administrative sites, some with structures and some without. The sites have been identified as no longer needed for national forest purposes and when they are so identified, are routinely declared excess by the U.S. Department of Agriculture. The General Services Administration is responsible for disposal. We originally identified more than 800 acres in this class but title examinations revealed most of the areas had national forest status and cannot be disposed of under this authority.

The authorities fore see three classes of land have all existed for some time and have been used periodically to dispose of property that is considered excess. The lands currently listed are the most recent update of an ongoing program of property management. In the past, most of the lands we identified as excess were disposed of by exchange.

I will now address how the asset management program will affect the balance of the lands administered by the Forest Service. We have initially identified about 50 million acres that will be retained. This category includes all congressionally designated areas such as

wilderness, wilderness study areas, wild and scenic rivers, national recreation areas, and national monuments. It is expected that after further review of other National Forest System lands, the bulk of national forest acreage will be added to the "retained" category.

A review of the remaining approximately 140 million acres of National Forest System lands will soon be initiated to determine those lands which should be considered in depth for possible sale. We estimate approximately 18 million acres will be placed into this category for a more detailed study of possible benefits from sale. Thus approximately 122 million acres are expected to go into the "retained" category after preliminary evaluation has been made.

The estimated 18 million acres which are expected to be identified for further planning analysis for possible sale include the following groups:

The first group is comprised of lands which would likely have the broadest base of public support for disposal. These lands include the following classes:

a. About 259,000 acres of lands previously disposed of under Title III of the Bankhead-Jones Farm Tenant Act but for which, by law, the federal government retained a reversionary interest in the event the lands should cease to be used for a public purpose. Upon payment of a fair price the reversionary interest would be released to the present owners who are almost entirely state and local government units. Such sales will not likely generate receipts of a significant amount.

b. Acquired lands inundated by nonfederal water projects licensed by the Federal Energy Regulatory Commission where federal control of the surface is not needed. These lands would be sold to the water project authority and include about 5,600 acres, and clearly cannot be expected to command much of a price.

c. Unneeded National Forest System administrative and research sites with National Forest status consisting of approximately 7,500 acres.

d. Lands under special-use permit that serve as base ranch property to qualify for a term grazing permit. We find about 9,800 acres in this class.

e. Approximately 1,500 acres essential for community expansion in eastern states where the Townsite Act does not apply.

f. Lands suited for community expansion but where communities cannot or do not want to acquire the properties. There are about 1,500 acres that probably could be disposed of directly to private parties.

g. Lands under free special-use permit to local governments, states, or others where they have developed permanent improvements. We estimate this may include more than 4,000 acres and would offer to the present permit holders the opportunity to acquire those lands in fee.

h. Summer home tracts where there is no foreseeable need for terminating the permit in order to make the land available for broader public uses. This could amount to about 4,000 acres.

In summary, the group of classes I have just reviewed contain about 300,000 acres. We will be able to identify these tracts quite specifically from existing records. It appears that disposal would improve overall administration of the National Forest System as well as help resolve some local situations.

A second group of lands to be selected for close study of whether or not to sell them includes selected special-use permit areas for which: 1 No higher public use is reasonably foreseeable, 2 Sale would not cause undue adverse consequences to nearby retained lands, 3 The permittee has permanent improvements on the land, 4 There is only one permittee, 5 The use is not linear—a right-of-way and 6 The permittee is willing to buy or is willing for the government to offer the area under permit for sale. Preliminary estimates are that this group could contain about 20,000 acres.

A third group of lands would become available as a result of modifying the exterior boundaries of some National Forests. These additional lands, with potential demand for private development, would involve scattered tracts in areas with less than 50 percent federal ownership, and some lands in a checkerboard ownership pattern. Preliminary estimates are that this group could contain more than 5 million acres, including about 1.5 million acres of exchange base. The exchange base consists of lands in government ownership that have already been identified as having potential for exchange or transfer to private ownership.

The fourth group of lands consists of portions of the national grasslands and other units composed of two or more separated areas where receipts, excluding minerals, are less than resource management

and protection costs, including forest road and trail costs. Wilderness and other exempt areas are not included. Preliminary estimates are that this group could contain about 12.6 million acres.

To summarize, I have discussed one group of lands for which sales authority now exists and four groups for which no authority exists. Our preliminary estimates are that these latter four groups may include approximately 18 million acres.

At this point, I must emphasize that we cannot now predict how much of these lands will ultimately be proposed for sale. The groupings I have discussed are broad. The identified lands are included only because they appear to be the sort of lands most likely to meet the general criteria for disposal and warrant further study. No specific decisions have been made on any group or parcel of land.

We are now proceeding to have our field staff review the areas in the National Forest System that fit each of the broad groups I have described. By doing this we will identify which parcels should receive detailed study for possible sale and which will be placed in the "retain" category. At that time, we will propose legislation to provide appropriate sale authority. Using the legislation as a base, we will make a detailed assessment of specific parcels of landfor possible sale or retention. This detailed assessment will include public involvement. We expect only a portion of the lands in each of the groups to be recommended for sale. At this time, I cannot estimate how much.

We are about to begin work on proposals for legislation for the authority necessary to sell National Forest System lands. Preliminarily, we expect this proposal to request authority for the secretary to sell lands meeting specific criteria.

The three general criteria identified earlier in this statement will likely be the basis of our proposal. Application of those criteria led to identification of lands in the groups discussed in this statement. We anticipate the proposed legislation will include a requirement for appropriate notifications to Congress, state and local governments and the public of planned sales. We view this legislation as an opportunity to improve the National Forest System by disposing of land that cannot be managed efficiently; of land that will serve community development by being in private ownership; and of land with potential for higher and

better use in private ownership or under management of other units of government.

The U.S. Department of Agriculture remains strongly committed to retaining a nationally significant system of federally-owned and managed multiple-use forest and range lands. But any area as large as the National Forest System will contain some land that, because of society's changing needs and the historic patterns of ownership, will better serve the public interest in nonfederal ownership. In the past, we have exchanged such land to obtain the benefits of more efficient management through consolidation. We will continue the most beneficial exchanges. We are now proposing that some lands be considered for sale to achieve various desirable objectives realizable from such sales.

This concludes my prepared testimony. I would be happy to respond to any questions you may have.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

21 FACE PROSECUTION IN INDIANAPOLIS AREA FOR FOOD STAMP VIOLATIONS

WASHINGTON, Sept. 24—Twenty-one persons in the Indianapolis area face prosecution for food stamp violations as a result of charges filed this week.

The indictments resulted from a joint undercover investigation by agents of the U.S. Department of Agriculture's Office of Inspector General, and other federal, state and local agents, said John Graziano, USDA inspector general.

Thirteen defendants are under federal indictment for knowingly acquiring and possessing food stamps in a manner not authorized by law. The indictments involve the exchange of $16,445 in food stamps for cash and checks worth $8,100. Nine of those charged own or are affiliated with retail grocery stores.

"The indictments for food stamp trafficking are part of a nationwide effort to catch retailers, retail employees and others who accept food stamps for nonfood items, often at less than the face value of the stamps, while pocketing the difference," Graziano said.

The purpose of these investigations, Graziano said, is to preserve food stamp funds for those who legitimately qualify and to see that the public's money is spent to help the truly needy.

In addition to the federal indictments, there were two state actions—the Marion County prosecutor's office filed criminal complaints against six persons for food stamp recipient fraud, and the Morgan County prosecutor's office filed criminal complaints against two for food stamp trafficking.

#

USDA ANNOUNCES 1983 UPLAND COTTON PROGRAM

MEMPHIS, Tenn., Sept. 27—Secretary of Agriculture John R. Block today announced a 20 percent acreage reduction program and

voluntary percent paid land diversion program for the 1983 upland cotton crop.

Program sign up will be Oct. 1 through March 31. Producers may request 50 percent of the projected 1983 deficiency and diversion payments at the time they sign up, Block said.

The U.S. Department of Agriculture estimates the 1983 deficiency payment rate will be 12.8 cents per pound. When farmers sign up, they can request to receive an advance payment of 6.4 cents per pound. The advance diversion payment rate will be 12.5 cents per pound.

To be eligible for program benefits, producers must limit 1983 cotton planted acreage to no more than 80 percent of the farm's upland cotton base and devote to conservation use an acreage of eligible cropland equal to 25 percent of the 1983 planted acreage.

For farmers who participated in the 1982 cotton program, the 1983 acreage base will be the same as the 1982 base. If a farmer did not participate in the 1982 program, the 1983 acreage base will be the average acreage planted to upland cotton in 1981 and 1982.

Farmers participating in the 20 percent acreage reduction program may also voluntarily divert up to another 5 percent and receive a diversion payment of 25 cents per pound times the farm payment yield times the acres diverted.

Block said the number of acres eligible for payment will depend on the level of diversion selected by the producer up to the maximum of 5 percent of the base and on the number of acres planted within the permitted acres. The diverted acreage also must be devoted to conservation use, he said.

The 1983 target price is 76 cents per pound and the loan rate is 55 cents per pound. The loan rate applies to Strict Low Middling 1-1/16 inch cotton, micronaire 3.5 through 4.9, at average U.S. location.

Land designated for conservation use must have been devoted to row crops or small grains in two of the last three years except for a summer fallow farm, for which the cropping requirement is for only one of the previous two years. It may not be mechanically harvested but may be grazed except during the six principal growing months. Cropland devoted to permanent conservation practices will be eligible for cost-sharing payments through the agricultural conservation program.

Neither cross compliance nor offsetting compliance will apply to the 1983 cotton program.

A recourse seed cotton loan program again will be offered in 1983, Block said. Recourse means the borrower is obligated to pay back the full dollar amount of the loan.

#

USDA PROPOSES CHANGES TO GRAIN SAMPLING REGULATION

WASHINGTON, Sept. 27—The U.S. Department of Agriculture is proposing to revise regulations to eliminate the requirement that diverter-type samplers be used for certain types of grain shipments.

If adopted, the proposal would allow the use of any sampling method approved by USDA's Federal Grain Inspection Service for bulk or sacked grain inspected for domestic barge shipments and export railcar and truck shipments, and for sacked grain inspected for export cargo shipments. The diverter-type sampler would only be required for export cargo shipments of bulk grain.

"Under present regulations, beginning Jan. 1, 1983, a diverter-type mechanical sampler must be used on these kinds of grain shipments; otherwise, a statement must be included on the inspection certificate indicating the samples may not be as representative as those obtained with a diverter-type sampler," said Kenneth A. Gilles, administrator of USDA's Federal Grain Inspection Service.

The regulation, which becomes effective Jan. 1, 1983, is being reconsidered because USDA recently received numerous letters from grain merchandising companies and elevator operators who did not submit comments when the regulation was initially proposed, Gilles said. These organizations and individuals would like another opportunity to review the regulation. The Federal Grain Inspection Agency Grain Advisory Committee, at its July meeting, also endorsed a review of the regulation to allow for more comment from the grain industry.

Comments on the proposed revision should be sent, in duplicate, by Oct. 28 to Lewis Lebakken, Jr., Regulations and Directives

Management, USDA, FGIS. room 1636-S, Washington, D.C. 20250; telephone (202) 382-0231.

The proposal is scheduled to be published in the Sept. 28 Federal Register.

#

USDA VETERINARIANS FIND VESICULAR STOMATITIS IN TWO MORE WESTERN STATES

WASHINGTON, Sept. 28—U.S. Department of Agriculture veterinarians have confirmed Vesicular stomatitis—a viral disease with symptoms very much like foot-and-mouth disease—in two more western states— Nebraska and Montana.

According to John K. Atwell, deputy administrator of USDA's Animal and Plant Health Inspection Service, this brings the total to eight states. Previously reported cases had been found in Colorado, Wyoming, New Mexico, Utah, Arizona and Idaho.

So far, Atwell said, there have been 393 laboratory confirmations of the disease, which causes blister-like lesions in cattle, horses, sheep, swine and humans. The disease is usually short-lived and not fatal.

"USDA is involved in this outbreak because vesicular stomatitis cannot be clinically distinguished from foot-and-mouth disease," Atwell said. "Foot-and-mouth disease is a devastating foreign disease that does not exist in the United States. Therefore, we are investigating all reported cases to make sure foot-and-mouth does not enter the country and go unrecognized."

Vesicular stomatitis generally occurs at 10-to 15-year intervals, Atwell said. It is most often diagnosed near low-lying marshes, swamps and similar areas after periods of heavy rainfall and high humidity. When conditions are right, high populations of mosquitoes and gnats occur that may spread the disease.

Humans can be affected by the virus. Symptoms include blisters on the lips, tongue and foot and flu-like signs of the respiratory tract. Humans are only mildly affected in the current outbreak, in which 30 clinical cases have been reported.

#

$13 MILLION TO HELP EIGHT STATES RECLAIM LANDS DISTURBED BY COAL MINING

WASHINGTON, Sept. 28—Eight states will share $13,251,000 in supplemental federal funds during fiscal year 1982 to help people reclaim nonfederal land damaged by coal mining.

Peter C. Myers, chief of the U.S. Department of Agriculture's Soil Conservation Service, said today the funds are from supplemental appropriations provided under the rural abandoned mine program administered by the secretary of agriculture.

Congress authorized the program in the Surface Mine Control and Reclamation Act of 1977. The purpose was to provide individuals with cost sharing and technical assistance in their efforts to reclaim nonfederal land disturbed by coal mining opertions.

Coal mining states to receive the funds, and the amounts, are:

Alabama, $135,000; Iowa, $1,963,000; Kentucky, $1,611,000; Ohio, $1,570,000; Oklahoma, $985,000; Pennsylvania, $4,254,000; West Virginia, $2,664,000; and Wyoming, $69,000.

Myers said the money will finance 45 high priority reclamation projects that were planned by the soil conservation agency last fiscal year but could not be contracted due to lack of funds. He said the funds will help reduce the backlog of 303 reclamation projects that his agency has in various stages of completion.

The federal government's share of reclamation ranges from 25 to 100 percent, depending on the acreage to be reclaimed, the proposed use and whether the benefits are mostly private or public. Each landowner may receive funds for reclaiming up to 320 acres. The contracts covers a 5- to 10- year period.

#

USDA ADOPTS FINAL RULE ON GRAIN INSPECTION AND WEIGHING EXEMPTION

WASHINGTON, Sept. 29—The U.S. Department of Agriculture is adopting as final a rule which exempts all grain shipped by rail and truck to Canada and Mexico from official inspection and weighing.

Federal Grain Inspection Service Administrator Kenneth A. Gilles said the rule has been in effect as an ioterim rule for about one year. The rule clarifies the fact that official grain inspection and weighing services will still be available to exporters requesting the services, he said.

"Exporters have generally shown satisfaction with the interim exemption and oppose changes," Gilles said. "We haven't received any complaints regarding quality or quantity of grain shipped under the exemption since it went into effect."

The final rule is scheduled to be published in the Sept. 29 Federal Register. More information is available from Lewis Lebakken, Jr., Regulations and Directives Management, USDA, FGIS, room 1636-S, Washington, D.C. 20250. Phone. (202) 382-0231.

#

COMPUTER MATCHING LEADS TO 49 INDICTMENTS IN OHIO

WASHINGTON, Sept. 29—Computer matching by U.S. Department of Agriculture and Ohio auditors has resulted in the indictment this week of 49 persons in the Columbus and Cleveland areas for public assistance fraud totaling $156,678.

A Franklin County grand jury in Columbus today indicted 24 for grand theft of $68,489 through food stamp and other welfare recipient fraud. In Cleveland, a Cuyahoga County grand jury yesterday indicted 25 persons for similar grand thefts totaling $88,189.

"Our auditors, working with state auditors, performed computer cross checks of the rolls of food stamp recipients with state and county employment records and provided our criminal investigators and local officials with leads developed by the computer matches," said John Graziano, USDA inspector general.

Among those indicted in Columbus were 16 current or former state employees and the spouses of three state employees; four Franklin County employees and the spouse of one county employee. In both cities those indicted are charged with failing to report their income to welfare officials. The maximum penalty for grand theft in Ohio is five years imprisonment and a $2,500 fine.

"There are a number of similar computer matches being conducted in other areas," Graziano said. "Our goal is to catch those who commit food stamp fraud to discourage others from doing the same. This strengthens the program for those truly in need."

#

PRIVATE PARTICIPATION IN FARM OPERATING LOANS RISES SHARPLY

WASHINGTON, Sept. 29—Private-lender participation in farm operating loans is up sharply this year at the U.S. Department of Agriculture's Farmers Home Administration, Secretary of Agriculture John R. Block said today.

Block credited participation lending and other cooperative efforts of federal and private lenders with successfully providing needed agricultural credit for thousands of hard hit farmers in 1982.

Meeting with representatives of the American Bankers Association, the Independent Bankers Association of America and the Farm Credit Administration, the secretary emphasized the need to continue cooperation and participation lending to meet farmers' credit needs in 1983.

He said the USDA agency will continue to enlarge its role with the private sector in making farm operating loans to meet the anticipated heavy demand for credit in crop year 1982.

Charles W. Shuman, administrator of the USDA lending agency, attributed the increase in participation lending directly to cooperation between the USDA and rural lending institutions.

"Although our funds for operating loans are up about a third over last year," Shuman said, "demand for those funds is heavy. Through participation loans involving commercial banks and local members of

the farm credit system, we stretch our limited funds, making them available to those who need help most.

"In many cases," Shuman said, "the agency has subordinated its security to the private lender, helping borrowers stay with their regular credit sources."

Loans of about 5,800 of the agency's operating loan borrowers were shared with other lenders in fiscal 1981. In the first 11 months of fiscal 1982, the number rose to 28,032.

In dollars, the amount of the agency's farm borrowers' debt held by private lenders rose from $91.6 million for all of fiscal 1981 to an estimated $1 billion for the first 11 months of fiscal 1982.

While the participation loan may begin with either a private or public lender, Shuman said the USDA-initiated effort begins at the county level when borrowers and a Farmers Home county supervisor review the borrower's "farm and home plan," which is the credit and economic blueprint for that borrower's crop year.

"When the plan shows a need for more operating credit than the agency by law can supply to an individual, or when the plan shows that private credit can be utilized for the borrower's needs, a local lender is contacted," Shuman said.

"If the local lender can make the loan, the USDA agency may subordinate part or all of its security in favor of the local lender—in effect giving the private lender first rights to collect its debts in the event of default."

Participating in today's meeting with Block were Under Secretary Frank Naylor and Shuman of the USDA; American Bankers Association representatives Ken Lee, associate director, Michael Fitch, vice president for agricultural affairs, Wells Fargo Bank in San Francisco, and Alan Tubbs, president of First Central Bank in DeWitt, Iowa.

Representing the Independent Bankers Association of America were Weldon Barton, agricultural rural representative; Thomas Olson, president, Lisco State Bank, Lisco, Neb.; and J.R. Kuiken, president, First National Bank, DeKalb, Ill.

Deputy Governor Larry Edwards of the Farm Credit Administration represented his organization.

#

USDA AGENCY PROPOSES NEW RULES ON USER FEES FOR MARKET NEWS

WASHINGTON, Sept. 29—The U.S. Department of Agriculture's Agricultural Marketing Service has proposed to charge user fees to all news media for printed market news reports, modifying an earlier proposal that would have exempted some segments of the news media from payment of such fees.

Comments will be accepted until Oct. 27 on the proposal.

William Manley, an official of USDA's Agricultural Marketing Service, said comments received on a July 8 interim final rule had prompted the new proposal.

Under the previous proposal, general news media, including general-circulation newspapers, news magazines and broadcast outlets, would have been exempted from paying user fees for mailed market news reports. The trade press, including newspapers and magazines targeted to organizational or commodity groups, would have been required to pay for the reports beginning Aug. 1.

"Based on comments from agricultural newspapers and magazines," Manley said, "we acknowledge that competing media cannot be easily categorized as general news media or publications serving one audience only.

"We are therefore compelled to eliminate the exemption from user fees for news media. However, AMS will continue to provide all media with current information by wire service and automatic telephone answering devices without charge. In addition, single copies of daily, semi-weekly and weekly reports will be available free when picked up at local offices."

#

INTEREST RATES LOWERED ON USDA FARMERS HOME LOANS

WASHINGTON, Sept. 30—Interest rates on most loan programs at the U.S. Department of Agriculture's Farmers Home Administration will go down Oct. 1, Secretary of Agriculture John R. Block announced today.

Block said the reductions, which will be as much as a full percentage point for farm operating loans and market rate community facilities loans, reflect progress in the nation's drive to roll back inflationary interest rates.

Reductions will apply to farm, community and rural housing loans made by the rural credit agency.

The reductions are a result of legislation that calls for the USDA agency's interest rates to parallel those in other key sectors of the money market.

"We are able to lower our interest rates because the cost of money to the U.S. Treasury has been down in recent months and the average yield for municipal bonds also has been lower," said Charles W. Shuman, Farmers Home administrator.

In farmer programs, the interest rate for farm operating loans is reduced from 14.25 percent to 13.25 percent. For long-term farm loans, such as farm ownership, soil and water, recreation, grazing associations, irrigation and drainage and Indian land acquisition, the rate declines from 13.25 percent to 13 percent.

For limited resource borrowers, operating loan rates drop from 11.25 percent to 10.25 percent and farm ownership loans move downward slightly, from 6.625 percent to 6.5 percent.

In the emergency loan program, the rate drops from 17 percent to 16.25 percent on actual loss loans for disasters occurring after Oct. 1 to applicants who can obtain credit from other sources but choose to borrow from the agency. For borrowers unable to obtain credit from other lenders, actual loss loans will continue to be made at 8 percent. For borrowers eligible for continued annual production loans, the rate goes down from 16 percent to 15.5 percent.

Under the agency's housing programs, the interest rate drops from 13.5 percent to 13.125 percent for single family housing, rural rental housing and housing site loans.

The rate for housing loans to above-moderate-income borrowers (and moderate-income borrowers who can afford Housing and Urban Development Department rates) was lowered from 15 percent to 14 percent on Sept. 20.

For community facility and water and waste disposal loans, the full interest rate drops from 11.625 to 10.625 percent. This rate is based on current market yields for municipal obligations. The intermediate rate, for communities of moderately less than average means, declines from 8.375 percent to 7.875 percent. The rate for lower-income communities remains unchanged at 5 percent.

Shuman said the intermediate rate recently introduced by the USDA agency "will keep credit resources alive for many communities that need public facility improvements to create job opportunities or maintain present employment."

Guaranteed loans for business and industrial development continue to be negotiated between borrowers and lenders. Loans made by Farmers Home for small scale biomass energy projects will be made at 13 percent instead of the previous rate of 13.25 percent.

Farmers Home Administration is the rural credit agency of the U.S. Department of Agriculture. It makes a wide variety of loans and grants and provides technical assistance to help improve economic and living conditons in rural America.

Services of the agency are delivered through a system of nearly 2,000 county offices, 300 district offices and 46 state offices covering rural areas throughout the nation.

#

RULES FOR NATIONAL FOREST SYSTEM PLANNING STREAMLINED AT USDA

WASHINGTON, Sept. 30—In response to public requests and to make its rules for land management planning easier to follow, the U.S. Department of Agriculture's Forest Service has streamlined the regulations.

In announcing the changes today, Secretary of Agriculture John R. Block said care was taken to be true to the intent of the National Forest

Management Act of 1976. The public, he said, was heavily involved in revising the regulations, which will go into effect Oct. 30.

"Because of their length and complexity," said Block, "these regulations were selected last year by the Presidential Task Force on Regulatory Relief for reassessment and possible modification. Changes to simplify them were proposed for public review in February."

Originally issued in September 1979, the regulations were designed to guide management of the 191-million-acre national forest system.

The regulations provide for integrated planning at the forest and regional levels for use of all forest resources—timber, forage, fish and wildlife habitat, water, wilderness, outdoor recreation and minerals.

"Public response to some of the proposed changes showed a strong interest in management of the national forest system," Block said. "Public comments and the assistance of the former Committee of Scientists, which helped write the original rules, were very helpful in producing the final revisions.

"Basically, the final regulations retain more of the original language than the proposed changes did," Block said.

"For instance, to streamline the planning process, one proposal would have permitted denial of unreasonably burdensome public participation. This has been dropped because of concern that the public's involvement in the process might suffer."

Another proposed change involved certain technical revisions in fish and wildlife management guidelines, one of which involved habitat maintenance and improvement.

"Public comments revealed concern that the proposed revisions could result in reductions of fish and wildlife populations," Block said. "The final rules take these concerns into account, matching the original intent by requiring that habitat maintenance and improvement goals be consistent with other resource goals."

The scope of environmental monitoring was expanded beyond the original requirements to respond to concerns over the extent and effectiveness of such monitoring.

"Besides responding to most of the comments, the final regulations meet the aim of providing regulatory relief," Block said.

"The planning process will be a better working tool for planners and the public because terms have been simplified, sentence structure has

been improved and material has been reorganized," he said. "Regional plans have been renamed regional guides, to more precisely define their role."

The final regulations are scheduled to be published in the Federal Register Sept. 30.

#

STATES TO GET $99 MILLION IN INTERIM NATIONAL FOREST RECEIPTS

WASHINGTON, Oct. 1—Forty states and Puerto Rico will share $99 million in interim payments as their part of national forest receipts collected in fiscal year 1982, Secretary of Agriculture John R. Block announced today.

"We expect the total amount owed to the states will be about $132 million for this year," Block said.

The payments represent about 75 percent of the total amount due to the states from receipts collected for use of national forest products and services during the fiscal year.

"Interim funds are made available as soon as possible following the end of the fiscal year—Sept. 30,—rather than holding them until final computation," Block said. "The remainder of the funds will be made available in early December after the actual receipts for the fiscal year have been determined.

"By law, 25 percent of the revenues collected by the Forest Service from timber sales, grazing, recreation, mineral and land uses on the national forests are made available to the states where the national forests are located." The funds are to be used for schools and roads.

Last year, the states received $228 million as their share of national forest receipts. Block attributed the reduction in receipts to depressed timber markets. National forest timber sales contribute the greatest amount to the fund.

The five states with the largest shares of the interim funds are Oregon, $36.8 million; Washington, $14.8 million; California, $14 million; Idaho, $3.8 million; and Montana, $3.4 million.

A breakdown of the interim funds available and the estimated amounts to be available to each state follows:

State	Available Interim Payment	Estimated Total Available For FY 82
Alabama	$ 776,619.21	$ 1,035,492.28
Alaska	3,308,156.26	4,410,875.01
Arizona	1,634,408.84	2,179,211.79
Arkansas	1,646,664.50	2,195,552.67
California	14,068,113.27	18,757,484.36
Colorado	1,295,132.92	1,726,843.89
Florida	1,289,585.70	1,719,447.60
Georgia	383,437.51	511,250.01
Idaho	3,800,785.23	5,067,713.64
Illinois	72,966.40	97,288.53
Indiana	104,193.21	138,924.28
Kentucky	178,871.13	238,494.84
Louisiana	1,237,331.26	1,649,775.01
Maine	14,024.78	18,699.71
Michigan	692,948.36	923,931.15
Minnesota	834,750.36	1,113,000.48
Mississippi	3,016,125.03	4,021,500.04
Missouri	1,373,693.30	1,831,591.07
Montana	3,400,621.85	4,534,162.46
Nebraska	28,659.38	38,212.50
Nevada	164,549.85	219,399.80
New Hampshire	209,162.54	278,883.39
New Mexico	783,026.14	1,044,034.85
North Carolina	429,300.44	572,400.58
North Dakota	47.88	63.84
Ohio	67,083.34	89,444.45
Oklahoma	190,441.79	253,922.38
Oregon	36,874,581.77	49,166,109.03
Pennsylvania	788,797.46	1,051,729.94
South Carolina	2,091,456.58	2,788,608.77
South Dakota	300,963.53	401,284.70

State	Available Interim Payment	Estimated Total Available For FY 82
Tennessee	215,324.59	287,099.45
Texas	829,125.01	1,105,500.01
Utah	510,772.44	681,029.92
Vermont	86,972.83	115,963.77
Virginia	256,675.56	342,234.08
Washington	14,839,823.85	19,786,431.80
West Virginia	194,319.65	259,092.87
Wisconsin	442,287.83	589,717.11
Wyoming	557,591.66	743,455.55
Puerto Rico	9,121.47	12,161.96
TOTAL	$98,998,514.71	$131,998,019.57

#

DAIRY FARMERS APPROVE CHANGES IN 11 FEDERAL MILK ORDERS

WASHINGTON, Oct.1—More than the required two-thirds of affected dairy farmers supplying milk under 11 federal milk marketing orders have approved a U.S. Department of Agriculture plan that will change the price announcement procedure for Class II milk under the orders.

Edward T. Coughlin, dairy official with USDA's Agricultural Marketing Service, said the amended order, to be effective Nov. 1, is based on the record of a public hearing held in February at Denver, Colo.

Coughlin said the change is similar to one adopted last September for 29 other milk marketing orders. Milk processors and dairy farmers, he said, want to know earlier than they have in the past the price farmers will be paid for milk used to make Class II products, such as cottage cheese.

The 11 orders affected by the amended order are: Upper Florida, Tampa Bay, Southeastern Florida, Ohio Valley, Eastern Ohio- Western Pennsylvania, Southern Michigan, Oregon-Washington, Puget Sound, Inland Empire, Southwestern Idaho-Eastern Oregon and Lake Mead.

The change provides that milk handlers will receive advance word on Class II prices by the 15th day of the prior month. This will give processors a preliminary cost of the milk to be used for those Class II dairy products during the month of manufacture.

"Handlers will now learn the final price no later than the fifth day after the month in which the milk was processed, and under the proposal this final price could not be less than the Class III prices, or in some cases the basic formula price for that same month," Coughlin said.

Copies of the amended orders are available from the market administrators for the orders or from: Dairy Division, AMS, USDA, Washington, D.C. 20250.

#

USDA ANNOUNCES FINAL PROVISIONS FOR NONRECOURSE SUGAR LOAN PROGRAM

WASHINGTON, Oct. 1—Secretary of Agriculture John R. Block has announced final provisions of the nonrecourse sugar loan program which goes into effect today.

On July 30, the U.S. Department of Agriculture published proposed regulations on the sugar loan program and asked for public comment. Based on the comments received and on further consideration of program provisions, USDA made no substantial changes to the regulations, Block said.

Under the program, price support will be made available to producers by means of 6-month nonrecourse loans to eligible sugar processors at the rate of 17 cents per pound for raw cane sugar and 20.15 cents per pound for refined beet sugar.

To be eligible for the loan program, a processor must agree to pay at least the minimum level of support for the applicable region to any producer who delivers sugarbeets or sugarcane to the processor.

The loan program is limited to domestically-grown sugarcane or sugar beets processed between April 1, 1982 and June 30, 1983, Block said. The interest rate on these loans will be the rate applicable to all loans issued by USDA's Commodity Credit Corporation during the month of disbursement.

Details of the sugar price support program will be published soon in the Federal Register.

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CCC LOAN INTEREST RATE LOWERED TO 11 PERCENT

WASHINGTON, Oct. 1—Commodity and farm storage loans disbursed in October by the U.S. Department of Agriculture's Commodity Credit Corporation will carry an 11 percent interest rate, according to acting CCC Executive Vice President C. Hoke Leggett.

The new rate, down from 12 percent, reflects the interest rate charged CCC by the U.S. Treasury in October, Leggett said.

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